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**“Doing Business with DHS: Industry
Recommendations to Improve Contractor
Employee Vetting”**

Subcommittee on Oversight and

Management Efficiency

House Committee on Homeland Security

U.S. House of Representatives

February 27, 2018

Written testimony of David J. Berteau, President & CEO, Professional Services Council, before the House Committee on Homeland Security, Oversight and Management Efficiency Subcommittee Hearing on “Doing Business with DHS: Industry Recommendations to Improve Contractor Employee Vetting,” February 27, 2018.

Introduction

Chairman Perry, Ranking Member Correa, and Members of the Subcommittee, thank you for the invitation to testify on behalf of the Professional Services Council’s (PSC) nearly 400 member companies and their hundreds of thousands of employees across the nation.¹ PSC is the voice of the government technology and professional services industry, supporting the full range and diversity of government missions and functions, including the Department of Homeland Security (DHS). I appreciate the opportunity to discuss with you the DHS personnel security and contractor employee vetting process and to address several issues of critical importance to our member companies, their employees, and the success of DHS missions.

Today, I will make several specific observations of opportunities and challenges in DHS and other agencies involved in the personnel security and contractor employee vetting process. I will also offer some recommendations for your consideration, and for consideration by DHS and the federal government as a whole.

Let me start, though, with what I hope we can all agree are goals worthy of support from this subcommittee as you focus on actions that can improve the contractor employee vetting process. They include:

- Speeding up vetting and clearance processes while increasing security through better use of data and process innovation,
- Defining and routinely applying reciprocity standards and agreements across DHS component agencies, and
- Providing timely and regular access to accurate information, both for individual firms under contract and more broadly across DHS, in order to improve vendors’ ability to recruit and retain workers and successfully provide essential contractor support to DHS missions.

I believe there is much this committee can do in these and other areas that will lead to practical and productive improvements.

¹ For over 45 years, PSC has been the leading national trade association of the government technology and professional services industry. PSC’s member companies represent small, medium, and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social, environmental services, and more. Together, the association’s members employ hundreds of thousands of Americans in all 50 states. See www.pscouncil.org.

Contractors Provide Significant Value to the Government

Contractors play vital roles in assisting the government in providing services to the American people. In DHS, contractors support every mission and function of the Homeland Security Enterprise (HSE). Many of the capabilities that contractors provide do not exist within the government, and contractors can quickly expand or adjust capacity to meet changing DHS needs. The government benefits from a strong, diversified business base that supports its current and emerging requirements.

To meet these demands, however, contractors need to be able to hire, retain, assign, and transfer qualified, skilled employees to the missions and functions with greatest need. Doing this means that DHS needs to provide timely Entry on Duty (EOD) decisions, reliable security clearance processing, reciprocal recognition of valid clearances across the department, and regular status updates to DHS personnel and contractors.

PSC Recognizes the Government's Central Role in Personnel Security Process

Proper vetting and personnel security practices are essential before a government or contractor employee receives regular access to government facilities and information. Contractor and government personnel go through the same personnel security process, conducted by the same entities, subject to the same levels of scrutiny and with the same kinds of risks. (The same personnel security process applies to other partners in the HSE, including state and local public safety officials as well as cyber and critical infrastructure officials in the private sector.)

Government's Roles and Responsibilities

At the government-wide level, the National Background Investigations Bureau (NBIB), established on October 1, 2016, is currently the primary provider of background investigations (BIs), including processing of electronic questionnaires, conducting national agency record checks, and maintaining a central clearance repository. In most cases, the NBIB processes the forms, schedules and conducts BIs, and delivers results to DHS to adjudicate employee suitability, contractor fitness, and, when needed, a security clearance determination. In some cases, DHS itself will conduct an initial assessment that can lead to an Entry on Duty (EOD) determination.

Challenges in Personnel Security Vetting

Earlier this year, the Government Accountability Office (GAO) added the personnel security clearance process to its High-Risk List.² This reaffirmed what the contractor community and national security experts across the government already knew: the government-wide personnel security clearance process is not meeting the needs of the government or of its contractor partners.

² See January 25, 2018 GAO Press Release, available at: https://www.gao.gov/press/high_risk_security_clearance_process.htm

The problems below affect DHS and the entire federal government.

Reciprocity Failures

DHS has many separate operating entities, and nearly all of them place restrictions on recognizing a clearance from other parts of DHS. These failures to grant reciprocal recognition of valid clearances, or even EODs, make it unnecessarily difficult to transfer personnel from one task or contract to another, even if the government's missions are negatively impacted by delaying or denying such reciprocity. Further, there is no visibility into or reporting on the number of reciprocity requests that are processed, how long they take, or why they are denied. The absence of such data make it extremely difficult to address problems.

Process Challenges

PSC member companies regularly report that cases are delayed further by lost forms, communication disconnects, failure by DHS to process responses, and inadequate tracking of cases or reporting of their status, even to the responsible parties within DHS.

Backlog

The backlog of cases awaiting final determination is higher than it has been in my nearly 40 years in this business. As of September 2017, at least 700,000 individuals remained in limbo awaiting a clearance to perform mission-critical work. In fiscal year 2016 initial investigations for secret clearances took 108 days on average, while initial investigations for top secret clearances took an average of 220 days. Wait times have increased since then, but data are no longer provided by the government. These delays jeopardize government missions, undermine contract performance, and harm the ability of both the government and contractors to recruit and hire.

Lack of Access to Information

Last June, as part of a memorandum aimed at reducing reporting burdens, the Office of Management and Budget (OMB) cancelled public reporting by the government on the backlog in security clearances.³ PSC registered a written complaint to OMB⁴ but to date no corrective action on this has been forthcoming.

Impact on Recruiting and Retention

The problems outlined above make it substantially harder for both the government and its supporting contractors to recruit, train, and retain the new talent needed to meet government needs. Picture recent college graduates—skilled in the latest cyber security

³ OMB Memo M-17-26, June 15, 2017, "Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda," available at: <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-26.pdf>

⁴ PSC Letter to OMB Director Mick Mulvaney, June 22, 2017, available at: <https://www.pscouncil.org/Downloads/documents/PSC%20Letter%20on%20OMB%20Memos%206.22.17.pdf>

tools and techniques—having to wait a year or more between being offered a position and obtaining the clearances needed to start the work. Even if they can secure a way to make a living while waiting, they will no longer be current in the technology of their field. Only the most dedicated will tolerate such delays, and no one benefits from them.

Security Clearance Processes Need to Be Better and Faster

Most broadly, PSC recommends adopting and implementing what we call the “four ones.” These principles can and should apply both to the government and to contractors. DHS has made progress, but greater results are necessary. These principles are:

- One application;
- One investigation;
- One adjudication;
- One clearance.

DHS personnel security processes for both government and contractor employees are still quite decentralized. Various incremental improvements have occurred over the years; however, as throughput has increased and decreased so has the processing time for personnel. To the department’s credit, for the past several years DHS personnel security officials at DHS headquarters and component agencies have engaged in an annual program with industry to discuss processing times and recent policy changes. While this is a welcome forum, more should be done to keep the lines of communication open on a continuous basis.

The recommendations below include concrete actions that Congress can take and also include steps for the executive branch to address deficiencies and risks, reduce the backlog and speed up processing times, and carry out effective oversight of initiatives at federal agencies, including DHS.

1. Ensure accurate, up-to-date, and publicly-reported information on the backlog and wait times for individuals seeking to obtain a clearance. Section 925 of the FY18 National Defense Authorization Act (NDAA) includes many reporting requirements on the size and scope of the backlog. Yet, unlike previous government reporting, this information will be seen only by the congressional committees of jurisdiction—leaving the heavily impacted contractor community in the dark, along with many of their government customers as well as state and local officials.
2. Participate with the other committees of jurisdiction in regular, detailed oversight of the three-year process to transfer authority for certain clearances from the NBIB to the Department of Defense (DoD). Section 925 of the FY18 NDAA requires DoD to eventually conduct its own background and security investigations. The timeline is demanding, and detailed plans are not yet available, increasing risk. Congress can and should ensure that DoD stays on track, while also ensuring that the remaining clearance requests at NBIB remain a priority.

3. Actively support funds and programs that will modernize and improve the investigation process concurrently at DoD and NBIB. The NDAA provided DoD with the authority to utilize existing contractor background verifications to reduce duplication of work. As this will save time and resources for DoD clearances, Congress should give NBIB the same authority for actions taken by DoD in the future.
4. Mandate true reciprocity among all DHS entities. Existing regulations already provide guidance for implementing reciprocal recognition, which should increase reciprocity between and among agencies. This committee could require DHS to account for and report all requests for reciprocal recognition of clearances, along with the length of time to process such requests and a list of the justifications for each distinct exception for requests for reciprocal clearances from other components within DHS.
5. In the forthcoming FY18 and FY19 appropriations bills, support full funding for all the programs that ensure investigations are thorough and timely. We know that there are too few people processing clearances and there is too little money to meet the demand while investing in the needed process improvements.
6. Include in that funding the necessary support for more robust use of technology, including adopting continuous evaluations (CE) across the government. The current process of reevaluations is based on the calendar, not on risk or need. Moving from a time-based process to continuous evaluation will also contribute to increasing security and reducing insider threats in a timely manner. To be successful, CE must be part of the personnel system as well as security clearance, suitability, and credentialing procedures. While the short-term impact of CE on the backlog will be minimal, moving to CE will significantly reduce the likelihood of future backlogs at the level we are currently experiencing by removing a significant number of periodic reevaluations from the queue.
7. Some solutions would likely not require legislation:
 - Periodically, the Inspector General or an independent organization should “test” the process within each agency randomly to assess the speed, quality, and level of customer service;
 - Each agency should host a customer service or other type of mailbox or hotline for people to contact with inquiries. DHS can set a threshold for how frequently entities may make inquiries; and
 - Each agency should have a current one-pager that describes the process at a high level so people know what to expect. They should update it quarterly. It could include tips and resources for contractors on hot topics like insider threat, where to seek out more training on complying with security processes, and tips for filling out the forms correctly.

The failures and shortcomings of the current personnel security process impact uniformed personnel, civilian employees, and contractors across the country—in every state and congressional district—and jeopardizes our homeland and national security.

Doing Business with DHS: Maturing the Acquisition Function

As DHS continues to mature, and celebrates its 15th birthday this week, the Department has made significant improvements in the way it communicates and collaborates with industry. However, there remains substantial room to improve the partnership with industry. It begins with broadening communications channels, providing more comprehensive and long-term outlooks about future mission needs, and reforming acquisition processes to reduce costs, barriers to entry, and provide meaningful and rapid access to the best solutions industry can offer.

The Importance of Continuous and Meaningful Communication with Industry

To enhance its partnership with the private sector, it is important that DHS understands how industry is evolving and what motivates industry to want to be a DHS partner. Industry dynamics are evolving at a pace that is faster than at any time in recent history. Both traditional DHS contractors and companies that have not traditionally contracted with DHS are consistently developing innovative capabilities and processes that can be leveraged and accessed by the Department. The growing trend of “as a service” delivery models, such as cloud computing, the evolution of the Internet of Things (IoT), data analytics, the need to rapidly deploy and upgrade cybersecurity capabilities, and emerging robotics and unmanned systems are prime examples of how innovation is changing the way the private sector operates. These developments and others may offer unlimited potential to assist DHS with meeting its missions.

However, for such capabilities to be meaningfully utilized by the Department, it is crucial that DHS regularly and effectively communicate its desired outcomes to industry. To do so, the Department must share both its short- and long-term goals with the public. While the Quadrennial Homeland Security Review (QHSR) is an important component, such communication should occur more frequently than every four years. The QHSR, and ongoing industry communication efforts, should coherently lay out long-term DHS strategy and objectives beyond a three- to four-year time period, describe efforts by the Department to better communicate its research and development objectives, and take steps to better enable tech transfer initiatives so that R&D breakthroughs can be applied to real life solutions.

To its credit, the Department has been at the forefront of conducting “Reverse Industry Day” (RID) sessions, where contractor partners can present directly to government personnel about the key challenges and considerations they face in doing business with DHS. These sessions have been well received by participants in both government and industry, and we commend the Department on its continuing commitment to holding RID sessions and appreciate having had the opportunity to engage with DHS through this avenue.

The Benefits of a Well-Trained Acquisition Workforce

A well-trained, skilled and supported DHS workforce is necessary to achieve successful acquisition outcomes. But, regrettably, the upcoming generation of DHS workers is still being trained and oriented to traditional and outdated practices and rules. DHS should transform the workforce to be grounded in cross-functional development, business acumen, technical skill, and creative thinking. PSC recommends the expansion of initiatives that seek frequent rotations for the DHS workforce into functional areas outside of their main area of focus. For example, much can be learned by program managers by spending some time working within a Department acquisition office, and vice versa. PSC also encourages new authorities that would permit the Department and the private sector to experiment with personnel rotations. Initiatives such as these can go a long way to remedying the human capital challenges faced by the Department.

Conclusion

On behalf of PSC and our members, I thank you for your time and consideration of these matters. As always, PSC is available at your convenience to address any questions or concerns the subcommittee has, now and in the future. I will try to answer any questions you may have.